Management's Discussion & Analysis ("MD&A")

For the year ended December 31, 2016

Dated: March 21, 2017

Management's Discussion and Analysis

Management's discussion and analysis ("**MD&A**") is the explanation by the Management of RMP Energy Inc. (the "**Company**" or "**RMP**") of its consolidated financial performance for the years covered by the consolidated financial statements along with an analysis of RMP's financial position. The following commentary relates to and should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2016 and 2015. All figures provided herein are reported in Canadian dollars unless otherwise stated. Within this MD&A, consolidated financial and operating information for the year ended December 31, 2016 ("**Year 2016**") is compared to the prior year ended December 31, 2015 ("**Year 2015**") and for the three month periods then ended.

The Company's audited consolidated financial statements for the years ended December 31, 2016 and 2015, in addition to other disclosure documents, are available on the *System for Electronic Document Analysis and Retrieval* ("**SEDAR**") at www.sedar.com and RMP's company website at www.rmpenergyinc.com.

Oil Equivalent Conversions

In this MD&A, production and reserves data is commonly stated in barrels of oil equivalent using a six (6) to one (1) conversion ratio when converting thousands of cubic feet of natural gas to barrels of oil and a one-to-one conversion ratio for natural gas liquids. Such conversion may be misleading, particularly if used in isolation. An oil equivalent conversion ratio of six (6) Mcf: one (1) Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Forward-Looking Statements

Certain information regarding the Company contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, intentions, opinions, forecasts, projections, anticipates, guidance or other similar statements that are not statements of fact. Although RMP believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond RMP's control, including but not limited to the following: the impact of general economic conditions; volatility in market prices for crude oil, natural gas and NGLs; general industry and broader market conditions; foreign exchange currency fluctuation; imprecision of proved and/or probable reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other crude oil and natural gas producers; the lack of availability of qualified personnel or management; changes in income tax laws or changes in tax laws and incentive programs relating to the crude oil and natural gas industry; hazards such as fire, explosion, blowouts and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; stock market volatility; ability to access sufficient capital from internal and external sources; the implementation of greenhouse gas emissions and carbon tax levy legislation and the other risks and uncertainties outlined in RMP's Annual Information Form for the year ended December 31, 2016.

Non-IFRS Measures

As an indicator of the Company's performance, the term *funds from operations* contained within the MD&A should not be considered as an alternative to, or more meaningful than, cash provided from (used in) operating, financing or investing activities, as determined in accordance with International Financial Reporting Standards ("**IFRS**"). This term does not have a standardized meaning, nor is it a financial measure, under IFRS. *Funds from operations* is widely accepted as a financial indicator of an exploration and production company's ability to generate cash which is used to internally fund exploration and development capital activities and to service debt. This measure is widely used by shareholders and investors in the valuation, comparison and investment recommendations of companies within the upstream oil and gas exploration and production industry.

Funds from operations, as disclosed within this MD&A, represents cash provided from (used in) operating activities before: decommissioning obligation cash expenditures, changes in non-cash working capital from operating activities and non-cash changes in deferred charge. The Company presents cash provided from operating activities per share and *funds from operations* per share whereby per share amounts are calculated consistent with the calculation of net income per share.

The following table reconciles RMP's cash provided by operating activities to *funds from operations*:

($000s)	Quarterly Comparison						
	Q416	**Q316**	**Q216**	**Q116**	**Q415**	**Year 2016**	**Year 2015**
Cash provided by operating activities	**4,984**	9,027	8,690	10,038	19,776	**32,739**	91,147
Decommissioning expenditures	**2**	9	5	170	242	**186**	242
Change in non-cash working capital and deferred charge	**(1,613)**	254	(1,266)	(716)	(1,293)	**(3,341)**	1,063
Funds from operations	**3,373**	9,290	7,429	9,492	18,725	**29,584**	92,452

The Company monitors its capital structure based on a non-IFRS financial metric consisting of the ratio of *total net debt*-to-annualized *funds from operations*. *Total net debt* and/or *net debt* does not have a standardized meaning, nor is it a defined financial liability or financial measure, under IFRS. *Total net debt* and/or *net debt* as disclosed within the MD&A, represents outstanding bank debt less deferred charge plus working capital deficiency (or minus working capital surplus) excluding unrealized amounts pertaining to risk management contracts. Please refer to the "*Capital Structure and Resources*" section of this MD&A for details on the Company's *net debt*-to-annualized *funds from operations* calculations.

This MD&A includes information up to and including March 21, 2017.

Abbreviations

The following are abbreviations that are contained within this MD&A commentary:

Crude Oil and Natural Gas Liquids		**Natural Gas**	
Bbl	barrel	Mcf	thousand cubic feet
boe	barrels of oil equivalent	Mcf/d	thousand cubic feet per day
Mboe	thousand barrels of oil equivalent	MMbtu	million British Thermal Units
Bbls/d	barrels per day	GJ	gigajoule
boe/d	barrels of oil equivalent per day	GJs/d	gigajoules per day
NGLs	natural gas liquids		

Business Overview

RMP Energy Inc. is an independent, Alberta-based crude oil and natural gas company actively engaged in the exploration for, development and production of crude oil, natural gas and NGLs reserves primarily in the Western Canadian Sedimentary Basin within the province of Alberta, Canada. RMP is incorporated under the laws of Alberta and its common shares are publicly listed and traded on the Toronto Stock Exchange ("**TSX**") under the trading symbol "RMP". The Company's head office is located in Calgary, Alberta at suite 1200, 500 - 4th Avenue S.W., T2P 2V6. As of March 20, 2017, RMP's market capitalization was approximately $109 million. Market capitalization is calculated by applying a point-in-time closing share trading price to the number of common shares outstanding. The Company's major area of operations and current focus is located in the Montney light crude oil and natural gas fairway at Waskahigan and Elmworth (formerly Gold Creek) in West Central Alberta, with additional Alberta-based natural gas operations in Kaybob, Pine Creek and Gilby.

On August 4, 2016, RMP announced that it had initiated a process to review strategic alternatives with a view to maximizing the value of the Company's large Montney resource base. As announced, the strategic review process was expected to include, among other alternatives, the addition of capital to further develop the potential of the assets, the sale of the Company or a portion of the Company's assets, a merger, farm-in or joint venture. The Company engaged two financial co-advisors to assist RMP with this process. After a thorough process and a comprehensive review and analysis of strategic alternatives, RMP's Board of Directors (the "**Board**") unanimously approved entering into a purchase and sale agreement for the disposition of all RMP's crude oil and natural gas interests in the Ante Creek area and determined that the Ante Creek Disposition (defined hereafter) is in the best interests of RMP and its shareholders. The Board's decision was based upon, among other things, the recommendation of RMP's special committee of independent directors formed to oversee the strategic review process and the verbal fairness opinion provided by the lead financial advisor on the consideration to be received by RMP pursuant to the Ante Creek Disposition.

On November 15, 2016, the Company closed the strategic disposition of all of its crude oil and natural gas interests in the Ante Creek area of West Central Alberta for cash consideration of $114.3 million, subject to normal and customary closing adjustments (the "**Ante Creek Disposition**"). The net cash proceeds received at the closing of the Ante Creek Disposition were used to eliminate outstanding bank indebtedness.

The disposition of RMP's Ante Creek asset was transformational in nature and has strategically re-positioned the Company. Notwithstanding RMP's historical drilling success at Ante Creek and the commensurate contributions to corporate production and cash flow, the Ante Creek asset was shifting into a more mature phase and transitioning to a secondary recovery stage. The assets sold under the Ante Creek Disposition included reserves, land acreage and infrastructure facility and pipeline interests. The effective date of the Ante Creek Disposition was September 1, 2016.

The Ante Creek Disposition provides RMP with a capital structure conducive to the systematic and staged delineation of its Elmworth Montney asset in conjunction with its low-risk development of its Waskahigan Montney asset, both of which are key core areas for the Company. The objective for fiscal 2017 for the Company will be maintaining corporate base production levels through low-risk development drilling at Waskahigan while de-risking the resource potential of its Elmworth land position, which with drilling success is expected to provide RMP with operating leverage to accelerate growth in 2018.

The Company's Board has approved a $45 million capital budget for 2017. The capital plan will include the drilling of three (3.0 net) Montney horizontal wells at Elmworth and four (4.0 net) Montney horizontal wells at Waskahigan. RMP will also proceed with the construction of an oil battery facility at Elmworth.

Financial Highlights

The following table summarizes the Company's key quarterly financial results for the past eight quarters and annual results for the past three years:

	Quarterly Comparison								Annual Comparison		
	Q416	**Q316**	**Q216**	**Q116**	**Q415**	**Q315**	**Q215**	**Q115**	**Year 2016**	**Year 2015**	**Year 2014**
Production											
Natural gas *(Mcf/d)*	**17,110**	29,163	28,779	35,443	36,352	34,650	44,765	38,728	**27,599**	38,606	31,341
Oil and NGLs *(Bbls/d)*	**1,801**	3,259	3,628	4,510	5,198	5,225	6,163	5,791	**3,295**	5,592	6,559
Average boe/d *(6:1)*	**4,652**	8,119	8,425	10,418	11,257	11,000	13,625	12,245	**7,895**	12,026	11,782
Commodity Prices (1)											
Natural gas *($/Mcf)*	**2.79**	2.64	1.60	2.09	3.26	3.47	3.40	3.16	**2.22**	3.32	4.71
Oil and NGLs *($/Bbl)*	**54.21**	49.78	48.86	36.25	48.69	51.55	63.16	60.10	**45.53**	56.25	88.54
Oil equivalent *($/boe)*	**31.24**	29.47	26.51	22.80	33.00	35.43	39.74	38.42	**26.76**	36.82	61.83

	Quarterly Comparison								Annual Comparison		
	Q416	**Q316**	**Q216**	**Q116**	**Q415**	**Q315**	**Q215**	**Q115**	**Year 2016**	**Year 2015**	**Year 2014**
($000s, except per share amounts)											
Financial Results											
P&NG sales (1)	**13,371**	22,015	20,325	21,611	34,178	35,852	49,268	42,335	**77,322**	161,633	265,892
Net income (loss)	**(65,508)**	(4,469)	(7,779)	(8,263)	(32,380)	(45,307)	(1,755)	(5,353)	**(86,019)**	(84,795)	47,846
Per share – basic	**(0.43)**	(0.03)	(0.05)	(0.06)	(0.26)	(0.37)	(0.01)	(0.04)	**(0.59)**	(0.69)	0.40
Per share – diluted	**(0.43)**	(0.03)	(0.05)	(0.06)	(0.26)	(0.37)	(0.01)	(0.04)	**(0.59)**	(0.69)	0.38
Cash provided by operations	**4,984**	9,027	8,690	10,038	19,776	20,220	27,788	23,363	**32,739**	91,147	160,326
Per share - basic	**0.03**	0.06	0.06	0.08	0.16	0.16	0.23	0.19	**0.23**	0.74	1.33
Per share - diluted	**0.03**	0.06	0.06	0.08	0.16	0.16	0.23	0.19	**0.23**	0.74	1.27
Funds from operations	**3,373**	9,290	7,429	9,492	18,725	17,001	31,115	25,611	**29,584**	92,452	164,092
Per share - basic	**0.02**	0.06	0.05	0.07	0.15	0.14	0.25	0.21	**0.20**	0.75	1.36
Per share - diluted	**0.02**	0.06	0.05	0.07	0.15	0.14	0.25	0.21	**0.20**	0.75	1.30
Total assets	**276,160**	458,637	462,746	453,300	452,767	494,548	539,599	561,370	**276,190**	452,767	542,955
Total other long-term liabilities	**14,230**	124,732	136,472	122,901	140,919	170,380	165,220	177,733	**14,230**	140,919	133,500

(1) Commodity prices and petroleum and natural gas sales ("**P&NG**") include realized gains or losses from commodity contract settlements.

As indicated in the Financial Highlights above, the Company's quarterly average daily production crested above 13,000 boe/d in the second quarter of 2015 as a result of the start-up of RMP's second Ante Creek battery facility. The decrease in the Company's third quarter 2015 production level was the result of normal field declines, RMP's deliberate shut-in of its Kaybob Montney field during the quarter in response to low commodity prices and fewer newly-drilled wells being brought on-stream in that quarter due to a lower level of drilling activity by the Company in the preceding second quarter of 2015. Quarterly average daily production decreased to 8,425 boe/d in the second quarter of 2016 as a result of an unscheduled outage of a mid-stream-operated gas plant in the Kaybob area due to a mechanical failure of its sulphur-handling infrastructure, pared-back drilling activity and natural field declines. Quarterly average daily production of 8,119 boe/d in the third quarter of 2016 reflects reduced drilling activity and natural field declines. The decrease of quarterly average daily production to 4,652 boe/d in the fourth quarter of 2016 reflects the Ante Creek Disposition closing on November 15, 2016 and both crude oil and natural gas sales pipelines restrictions in October 2016.

RMP's petroleum and natural gas sales fluctuate from quarter-to-quarter as a result of changes in commodity prices and/or production volumes. Please refer to the *"Petroleum and Natural Gas Sales and Commodity Pricing"* section hereafter for additional information.

Quarterly net income is impacted by the fluctuations in petroleum and natural gas sales, non-cash impairment charges, gains recognized on the disposition of assets, and unrealized gains and losses on risk management contracts. Specifically, the significant decrease in commodity market prices since the third quarter of 2014 has resulted in the Company recording non-cash impairment charges of $12.8 million in the fourth quarter of 2014, $51.5 million in the third quarter of 2015, $37.3 million in the fourth quarter of 2015 and $115.6 million in the fourth quarter of 2016, respectively, which has affected RMP's reported amount of earnings.

The Company's total assets have decreased since the first quarter of 2015 primarily as a result of the above mentioned non-cash impairment charges to property, plant and equipment and the Ante Creek Disposition. The decrease in total other long-term liabilities in both the first quarter of 2016 and the fourth quarter of 2015 is primarily due to decreased bank debt drawdowns on the Company's bank credit facility as a result of a pared-back level of capital expenditures. The significant decrease in other long-term liabilities in the fourth quarter of 2016 is due to the Company paying off its entire outstanding bank debt balance in that quarter with the proceeds from the Ante Creek Disposition.

Petroleum and Natural Gas Production

Year 2016: For the fiscal year ended December 31, 2016, RMP's average daily production was 7,895 boe/d, with light crude oil and NGLs production accounting for 42% of the Company's volumes. Fiscal 2016 output represents a 34% decrease from the comparative fiscal 2015 production level of 12,026 boe/d (weighted 46% light oil and NGLs). Production for fiscal 2016 was comprised of 27,599 Mcf/d of natural gas, 2,983 Bbls/d of crude oil and 312 Bbls/d of NGLs. The decline in production levels year-over-year is a result of pared-back drilling activity, natural field declines and the Ante Creek Disposition. In addition, RMP's production level in fiscal 2016 was affected by an unscheduled outage of a mid-stream-operated gas plant in the Kaybob area in the second quarter of 2016 due to a mechanical failure of its sulphur-handling infrastructure.

Fourth Quarter 2016: RMP's fourth quarter 2016 production was 4,652 boe/d, comprised of crude oil and NGLs production averaging 1,801 Bbls/d and natural gas production averaging 17,110 Mcf/d. Fourth quarter 2016 production was lower than the preceding third quarter of 2016 production of 8,119 boe/d as a result of the Ante Creek Disposition, natural field declines and sales pipeline service outages. The Ante Creek disposition closed on November 15, 2016 resulting in RMP's fourth quarter 2016 production reflecting production from the Ante Creek field from October 1 through to November 15 while the third quarter of 2016 included production from the Ante Creek field for the entire period. Additionally, RMP's production for the month of October 2016 was impacted by third-party outages on both the Pembina and Alliances sales pipeline systems. For an eight day period commencing on October 12, 2016, the Company's Montney production at Waskahigan, Ante Creek and Kaybob was temporarily curtailed.

	2016 Quarterly Comparison					
	Q416	**Q316**	**Q216**	**Q116**	**Year 2016**	**Year 2015**
Crude oil (*Bbls/d*)	**1,500**	2,924	3,307	4,220	**2,983**	5,318
Natural gas (*Mcf/d*)	**17,110**	29,163	28,779	35,443	**27,599**	38,606
NGLs (*Bbls/d*)	**301**	335	321	290	**312**	274
Oil equivalent (*boe/d*)	**4,652**	8,119	8,425	10,418	**7,895**	12,026
Crude oil and NGLs weighting	**39%**	40%	43%	43%	**42%**	46%

Petroleum and Natural Gas Sales and Commodity Pricing

The Company's petroleum and natural gas ("**P&NG**") sales may fluctuate significantly from period-to-period as a result of changes in realized commodity prices and/or RMP's production volumes. Revenue from the sale of the Company's petroleum (crude oil and natural gas liquids) and natural gas is recognized when the risks and rewards of ownership of the commodity is transferred to the purchaser, based on volumes delivered to purchasers' contractual delivery points and when collection is reasonably assured by the Company. RMP takes greater than 95% of its working interest production "in-kind" and it is marketed and sold through three primary commodity purchasers.

Year 2016: Total P&NG sales (including realized risk management commodity contract settlements) decreased substantially year-over-year with $77.3 million of revenue being realized in 2016, as compared to $161.6 million in fiscal 2015. The P&NG sales decrease is the result of lower realized commodity prices and lower production volumes. A realized loss on risk management commodity contracts of $1.2 million was recognized for the year ended December 31, 2016 (December 31, 2015: realized gain of $11.1 million), with details of such discussed hereafter within the section "*Commodity Price Risk Management*".

With regards to industry commodity pricing, the West Texas Intermediate ("**WTI**") at Cushing, Oklahoma is the benchmark reference price for North American crude oil prices. Canadian oil prices, including RMP's crude oil, are based on price postings, which is WTI-adjusted for transportation, quality and the U.S./Canadian Dollar currency conversion rates. During the year ended December 31, 2016 crude oil market prices decreased 11%, as the WTI crude oil price benchmark averaged US$43.47 per Bbl as compared to US$48.80 per Bbl for the year ended December 31, 2015. The decline in crude oil prices continues to be driven by an oversupplied global oil market and tepid global oil demand. North American crude oil inventories and resilient U.S. shale oil production development continues to suppress domestic oil prices for the near-term. The oil market faces many uncertainties this year in 2017, including the strength of world oil consumption growth and whether OPEC renews its decision in June 2017 to maintain lower production quotas.

In a trend similar to that of industry crude oil prices, North American natural gas prices weakened year-over-year. The Nymex Henry Hub natural gas benchmark price averaged US$2.55 per MMbtu, a 3% decrease from the fiscal year 2015 average of US$2.63 per MMbtu. RMP's natural gas sales are priced and indexed to the Alberta AECO-5A market reference price. Alberta AECO natural gas pricing weakened in 2016, decreasing 19% to $2.18 per Mcf from $2.70 per Mcf in fiscal 2015. Warmer-than-normal temperatures in the U.S., which has reduced demand, continues to result in downward pressure on natural gas prices.

Given that North American crude oil benchmark market prices are denominated in U.S. dollar currency, a decrease in the value of the Canadian dollar compared to the U.S. dollar in fiscal 2016 partially insulated lower crude oil prices for Canadian producers such as RMP and positively impacted the Company's revenues for both the fourth quarter and the year ended December 31, 2016.

<u>Fourth Quarter 2016</u>: The Company's quarterly P&NG sales for the three month period ended December 31, 2016, net of the realized loss on commodity contracts of $1.1 million, amounted to $13.4 million as compared to the prior third quarter of 2016 amount of $22.0 million (net of the realized loss on commodity contracts of $0.1 million) and the $34.2 million (net of the realized gain on commodity contracts of $1.3 million) recognized in the fourth quarter of 2015.

RMP's realized crude oil price for the three month period ended December 31, 2016 averaged $58.75 per Bbl, an increase of 11% from the $52.85 per Bbl realized in the third quarter of 2016. The Company's fourth quarter 2016 natural gas price of $2.79 per Mcf was approximately 6% higher than the third quarter 2016 natural gas price of $2.64 per Mcf. Fourth quarter 2016 WTI benchmark crude oil pricing of US$49.29 per Bbl increased 10% over the preceding third quarter 2016 average of US$44.94 per Bbl and increased 17% from the comparative fourth quarter 2015 price of $42.18 per Bbl. The fourth quarter 2016 Nymex Henry Hub natural gas price averaged US$3.18 per MMbtu, a 14% increase over the third quarter 2016 average of US$2.79 per MMbtu. The Alberta AECO natural gas price averaged $3.11 per Mcf for the quarter ended December 31, 2016, a 31% increase over the third quarter 2016 average of $2.38 per Mcf, and a 25% increase from the comparative fourth quarter 2015 price of $2.48 per Mcf.

The following table highlights RMP's realized commodity prices and industry benchmark prices:

	2016 Quarterly Comparison					
	Q416	**Q316**	**Q216**	**Q116**	**Year 2016**	**Year 2015**
RMP prices (net realized commodity contract settlements)						
Natural gas ($/Mcf)	**2.79**	2.64	1.60	2.09	**2.22**	3.32
Crude oil ($/Bbl)	**58.75**	52.85	51.44	37.47	**47.80**	57.86
NGLs ($/Bbl)	**31.60**	22.96	22.24	18.57	**23.86**	25.06
Oil equivalent ($/boe)	**31.24**	29.47	26.51	22.80	**26.76**	36.82
Industry benchmark prices						
WTI Cushing oil (US$/Bbl)	**49.29**	44.94	45.64	33.45	**43.47**	48.80
Nymex gas (US$/MMbtu)	**3.18**	2.79	2.25	1.99	**2.55**	2.63
AECO gas ($/Mcf)	**3.11**	2.38	1.40	1.83	**2.18**	2.70
Exchange rate (US$/C$)	**0.7491**	0.7668	0.7761	0.7287	**0.7555**	0.7834

The following table provides the composition of P&NG sales by commodity type:

(net realized commodity contract settlements)	**2016 Quarterly Comparison**					
($000s)	**Q416**	**Q316**	**Q216**	**Q116**	**Year 2016**	**Year 2015**
Crude oil sales	**8,106**	14,216	15,481	14,390	**52,193**	112,312
Natural gas sales	**4,390**	7,091	4,194	6,730	**22,405**	46,819
NGLs sales	**875**	708	650	491	**2,724**	2,502
Petroleum and natural gas sales	**13,371**	22,015	20,325	21,611	**77,322**	161,633
Crude oil and NGLs weighting	**67%**	68%	79%	69%	**71%**	71%

Commodity Price Risk Management

As a means of managing commodity price volatility and its impact on RMP's cash provided by operating activities and funds from operations, from time-to-time the Company may enter into various derivative financial instruments and physical delivery commodity contract arrangements, primarily commodity price contracts, to manage fluctuations in crude oil and natural gas market prices. Any such contracts are entered into with investment grade counter-parties that RMP believes present minimal credit risk. The Company does not utilize derivative financial instruments for speculative trading purposes.

The following table summarizes the natural gas derivative contract outstanding at December 31, 2016 and March 20, 2017:

Term	Contract Type	Volume (GJs/d)	Reference Point	Contract price per GJ
April 1, 2017 - October 31, 2017	Swap	3,000	AECO 5A	Cdn. $ 3.00

In fiscal 2016, the Company had the following crude oil derivative contracts outstanding:

Term	Contract Type	Volume (Bbls/d)	Reference Point	Contract price per Bbl
June 1, 2016 - December 31, 2016	Swap	250	WTI	Cdn. $ 60.00
June 1, 2016 - December 31, 2016	Swap	250	WTI	Cdn. $ 60.00

The following natural gas derivative contracts were outstanding in fiscal 2016:

Term	Contract Type	Volume (GJs/d)	Reference Point	Contract price per GJ
July 1, 2016 - December 31, 2016	Swap	5,000	AECO 5A	Cdn. $ 2.03
July 1, 2016 - December 31, 2016	Swap	5,000	AECO 5A	Cdn. $ 2.03

RMP recognized a realized loss of $1.2 million for the year ended December 31, 2016 as a result of the crude oil and natural gas risk management commodity contracts which were settled during the year (December 31, 2015: realized gain of $11.1 million). Unsettled derivative financial contracts are recorded at the date of the financial statements based on the fair value of the respective contracts. Changes in fair value result from volatility in forward commodity prices and changes in the balance of unsettled contracts between periods. The change in fair value is recognized as an unrealized gain or loss on the statement of income (loss). For the year ended December 31, 2016, the Company recorded a $0.1 million unrealized loss in respect of the contract outstanding at year end (December 31, 2015: $10.0 million unrealized loss).

Petroleum and Natural Gas Royalties

Year 2016: Petroleum and natural gas royalties for the year ended December 31, 2016 amounted to $11.2 million, resulting in a corporate effective royalty rate of 14.2%, as compared to the fiscal 2015 royalty encumbrances of $20.9 million with an effective royalty rate of 13.9%. Since substantially all of the Company's production is from Crown-leased lands, approximately 96% of total royalties in fiscal 2016 consisted of royalties paid to the Alberta Government, with the remaining 4% disbursed to freehold landowners and overriding royalty holders.

Fourth Quarter 2016: For the three month period ended December 31, 2016, the Company's P&NG royalties were $1.7 million with an effective corporate royalty rate of 12.0% (three months ended December 31, 2015: $3.7 million and an effective corporate royalty rate of 11.2%). The corporate royalty rate for the fourth quarter of 2016 was lower than the preceding third quarter 2016 rate of 15.2% due to royalties from the Ante Creek field being recorded for only half of the fourth quarter of 2016 as a result of the Ante Creek Disposition closing on November 15, 2016. The Ante Creek field had a higher average royalty rate in comparison to the Company's other producing fields. Thus, upon the removal of the Ante Creek field, the Company's average royalty rate is lowered.

	2016 Quarterly Comparison					
($000s)	**Q416**	Q316	Q216	Q116	**Year 2016**	Year 2015
Crown	**1,547**	3,240	3,641	2,290	**10,718**	20,513
Freehold and overrides	**185**	110	101	49	**445**	395
Total royalties	**1,732**	3,350	3,742	2,339	**11,163**	20,908
Corporate royalty rate (1)	**12.0%**	15.2%	18.4%	10.8%	**14.2%**	13.9%

(1) Royalty rate is based on P&NG sales, excluding any realized gains or losses from risk management commodity contract settlements.

On January 29, 2016, the Alberta Government introduced a new royalty framework for the province's oil and gas industry, the *Modernized Royalty Framework* ("**MRF**"), which will take effect on January 1, 2017. Wells drilled prior to January 1, 2017 will continue to be governed by the current "Alberta Royalty Framework" for a period of 10 years until January 1, 2027. The MRF is structured in three phases: (i) Pre-Payout, (ii) Mid-Life, and (iii) Mature. During the Pre-Payout phase, a fixed 5% royalty will apply until the well reaches payout. Well payout occurs when the cumulative revenue from a well is equal to the Drilling and Completion Cost Allowance (determined by a formula that approximates drilling and completion costs for wells based on depth, length and historical costs). The new royalty rate will be payable on gross revenue generated from all production streams (oil, gas, and natural gas liquids), eliminating the need to label a well as "oil" or "gas". Post-payout, the Mid-Life phase will apply a higher royalty rate than the Pre-Payout phase. While the metrics for calculating the Mid-Life phase royalty have yet to be released, the rate will be determined based on commodity prices and are intended, on average, to yield the same internal rate of return as under the current Alberta Royalty Framework. In the Mature phase, once a well reaches the tail end of its cycle and production falls below a Maturity Threshold, currently estimated to be 20 Bbls/d for oil and 200 Mcf/d for gas, the royalty rate will move to a sliding scale (based on volume and price) with a minimum royalty rate of 5%. The downward adjustment of the royalty rate in the Mature phase is intended to account for the higher per-unit fixed cost involved in operating an older well.

Operating Expenses

Year 2016: For the year ended December 31, 2016, the Company's field-level operating expenses, which are costs to operate and maintain oil and gas wells and related field infrastructure, were $17.1 million (year ended December 31, 2015: $21.5 million) or $5.92 on an oil-equivalent per unit basis, which represents a 21% increase from the field production per-unit cost of $4.90 per boe in fiscal 2015.

Per-unit operating expenses for the year ended December 31, 2016 have increased primarily due to the reduced production volumes covering the fixed operating cost component, coupled with the Ante Creek Disposition resulting in the sale and removal of the Ante Creek field that had a lower operating cost per unit profile than the remainder of RMP's producing fields.

Fourth Quarter 2016: On an oil-equivalent per unit basis, fourth quarter 2016 field production costs of $9.67 per boe were 73% higher when compared with the preceding third quarter 2016 per-unit expense of $5.58 per boe and 110% higher than the fourth quarter 2015 per-unit cost of $4.61 per boe. Daily production for the fourth quarter of 2016 was 43% lower than the previous third quarter 2016 daily production levels and 59% lower than the comparative fourth quarter 2015 daily production levels. This reduction in volumes results in less volumes covering the fixed operating cost component of RMP's cost structure. A higher level of well workover activities, in addition to maintenance turnovers on three of its oil batteries at Waskahigan and Ante Creek during the sales pipeline outages, were conducted in the fourth quarter of 2016 as compared to the fourth quarter of 2015. Additionally, as mentioned above, operations from the Ante Creek field are only reflected in the Company's financials up to the date of close of the Ante Creek Disposition (November 15, 2016) and the Ante Creek field had a lower per-unit operating cost profile than the remainder of RMP's producing fields as a whole. With current challenging industry conditions, RMP continues to be highly-focused on delivering meaningful cost reductions and efficiency gains across its field operations.

	2016 Quarterly Comparison						
	Q416	**Q316**	**Q216**	**Q116**		**Year 2016**	**Year 2015**
Total ($000s)	**4,137**	4,165	4,043	4,762		**17,107**	21,512
Per unit ($/boe)	**9.67**	5.58	5.27	5.02		**5.92**	4.90

Transportation Expenses

Year 2016: RMP incurs transportation costs on the crude oil and natural gas it produces once the respective commodity enters a feeder or main pipeline at the first point of sale or title transfer point. In fiscal 2016, these costs primarily encompassed oil sales pipeline tariffs, pipeline fuel surcharges and transportation costs associated with the capacity usage of mid-stream natural gas sales pipelines. The cost of transporting and distributing natural gas and crude oil production to market delivery points during the year ended December 31, 2016 amounted to $9.4 million (year ended December 31, 2015: $15.4 million) or $3.27 on an oil-equivalent per unit basis (year ended December 31, 2015: $3.51 per boe).

Fourth Quarter 2016: The Company's transportation expense for the fourth quarter of 2016 was $3.64 per boe, representing a 7% decrease from the comparative fourth quarter 2015 cost of $3.90 per boe.

The decrease in the Company's per unit transportation cost for both the three and twelve months ended December 31, 2016 versus the comparable 2015 periods is primarily the result of temporarily higher gas transportation charges in the 2015 fiscal year. Ongoing third-party gas pipeline maintenance activities in 2015 caused capacity restrictions which widened the Alliance CREC differential resulting in higher gas transportation costs on a portion of RMP's Waskahigan and Ante Creek sales gas commencing in the second quarter of 2015. These gas pipeline restrictions were mitigated on December 1, 2015, with the commencement of the Company's new, three-year firm transportation receipt service on the Alliance pipeline system, resulting in lower gas transportation costs realized thereafter.

The decrease in total transportation costs for the quarter ended December 31, 2016 from the previous third quarter of 2016 is a result of the Ante Creek Disposition.

	2016 Quarterly Comparison						
	Q416	**Q316**	**Q216**	**Q116**		**Year 2016**	**Year 2015**
Total ($000s)	**1,560**	2,623	2,742	2,522		**9,447**	15,400
Per unit ($/boe)	**3.64**	3.51	3.58	2.66		**3.27**	3.51

General and Administrative Expenses

Year 2016: General and administrative ("**G&A**") expenses during the year ended December 31, 2016 were lower than the prior year, amounting to $6.9 million or $2.38 on an oil-equivalent per unit basis (year ended December 31, 2015: $7.1 million or $1.62 per boe). Gross cash G&A before recoveries and capitalization decreased by $0.3 million year-over-year, due primarily to lower insurance costs and lower costs associated with the Company's independent engineering reserve reports. RMP expects to continue to improve its G&A cost structure in fiscal 2017 to meet the needs of the business in the current commodity price environment. Effective January 1, 2017, staff compensation levels were reduced by 10%.

Fourth Quarter 2016: In the fourth quarter of 2016, expensed G&A amounted to $2.2 million, as compared to $1.6 million in the third quarter of 2016 and $2.0 million in the fourth quarter of 2015. As expected for the fourth quarter of 2016, gross G&A increased by $0.8 million over the preceding third quarter primarily as a result of the annual recurring costs associated with the year-end independent engineering reserves report, the fiscal 2016 financial statement audit and 2016 retention incentive costs in connection with the aforementioned corporate strategic alternatives process. RMP presently employs 19 head office personnel and also engages the services of two consultants on a part-time basis.

	2016 Quarterly Comparison						
($000s)	**Q416**	**Q316**	**Q216**	**Q116**		**Year 2016**	**Year 2015**
Gross	**2,798**	1,963	1,776	1,948		**8,485**	8,831
Recoveries and capitalized	**(568)**	(362)	(346)	(332)		**(1,608)**	(1,721)
Expensed	**2,230**	1,601	1,430	1,616		**6,877**	7,110
Per unit ($/boe)	**5.21**	2.14	1.87	1.70		**2.38**	1.62

Share-Based Compensation

Share-based compensation costs ("**SBC**") are non-cash charges which reflect the estimated value of stock options and incentive awards issued to directors, officers and employees of RMP. The value of the award is recognized as an expense over the period from the grant date to the date of final vesting of the award. The Company capitalizes a portion of share-based compensation expense which is directly attributable to personnel involved in exploration and development capital investment activities. RMP utilizes the fair value method for measuring share-based compensation expenses. Compensation cost is measured at the grant date based on the fair value of the option using a Black-Scholes option pricing model and is recognized over the option vesting period. Some of the inputs to the option valuation model are subjective, including assumptions regarding expected stock price volatility, forfeiture rates, interest rates and tenure to exercise.

As of December 31, 2016, total unrecognized SBC of $3.7 million, related to 8.8 million unvested stock options, is expected to be recognized in future periods over the remaining vesting terms. As of the date of this MD&A, 13,795,000 stock options with a weighted average exercise price of $3.33 per option were outstanding and exercisable at various dates through to January 3, 2022. On May 10, 2016, all outstanding share purchase warrants expired. These warrants were issued in connection with the arrangement and acquisition of RMP Energy Ltd. in May 2011.

Effective August 13, 2015, the Company adopted a long-term incentive plan (the "**Plan**") whereby RMP can issue incentive awards to employees, officers, directors and other service providers of the Company in the form of common shares of RMP. As of the date of this MD&A, a total of 1.1 million restricted common share awards have been granted to employees, officers and directors of the Company. Both the Plan and the granted awards were approved by RMP's shareholders at the Company's annual general meeting held on June 7, 2016. The awards granted vest as to one-third on each of the first, second and third anniversaries from the date of grant and have an expiry date of December 15th of the tenth year following the year in which the award was granted. A net service cost expense of $569 thousand related to the restricted common share awards has been recognized and recorded in share-based compensation expense for the year ended December 31, 2016 (year ended December 31, 2015: $216 thousand). As of December 31, 2016, total unrecognized SBC of $0.5 million, related to 0.8 million unvested restricted common share awards, is expected to be recognized in future periods over the remaining vesting terms.

The Company's share-based compensation expense for the year ended December 31, 2016, net of capitalization, was $3.2 million as compared to $4.6 million for the year ended December 31, 2015. The decrease in SBC expense for both the three and twelve month periods ended December 31, 2016 is primarily attributable to the graded vesting methodology required under IFRS which results in a higher recognized expense in the first year or first tranche of the option grant. In addition, the impact of the Company's higher share price in fiscal 2014 on the Black-Scholes option pricing model resulted in higher fair values for the stock options granted in fiscal 2014 with correspondingly higher graded-vesting SBC expense in fiscal 2015 recorded.

	2016 Quarterly Comparison					
($000s)	**Q416**	Q316	Q216	Q116	**Year 2016**	Year 2015
SBC (pre-capitalization)	**939**	1,267	1,159	1,320	**4,685**	6,823
SBC (capitalized)	**(288)**	(383)	(367)	(418)	**(1,456)**	(2,235)
SBC (net)	**651**	884	792	902	**3,229**	4,588

Finance Expenses

The Company's finance expenses comprise interest expense on bank debt and accretion of the discount on decommissioning obligations.

	2016 Quarterly Comparison					
($000s)	**Q416**	Q316	Q216	Q116	**Year 2016**	Year 2015
Interest on bank debt	**339**	986	939	880	**3,144**	4,251
Accretion of decommissioning obligations	**87**	102	98	97	**384**	393
Total finance expense	**426**	1,088	1,037	977	**3,528**	4,644
Average bank debt level (1)	**35,076**	109,793	104,982	118,565	**92,104**	113,170
Average bank debt interest rate (%)	**3.7**	3.2	3.2	3.1	**3.3**	3.0
Average bank Prime lending rate (%)	**2.7**	2.7	2.7	2.7	**2.7**	2.8

(1) Average bank debt based on simple average within respective periods.

Interest Expense

During the year ended December 31, 2016, RMP incurred $3.1 million in interest charges related to its outstanding bank debt, as compared to $4.3 million for the comparative 2015 fiscal period. This decrease is attributable to a lower average bank debt level throughout fiscal 2016 as compared to the average outstanding bank debt level in 2015. RMP's outstanding bank debt balance was reduced to zero upon the receipt of funds received from the closing of the Ante Creek Disposition. The Company's weighted-average effective interest rate approximated 3.3% during 2016.

Interest Rate Risk Management

RMP has floating interest rate bank debt, which subjects the Company to interest rate risk. From time-to-time, RMP may mitigate the risk of increasing market interest rates by entering into financial derivative contracts to fix interest rates. The underlying interest rate under RMP's bank credit facility for bankers' acceptance indebtedness, is subject to additional stamping fees ranging from 2.00% to 3.25% depending upon the Company's trailing debt-to-EBITDA ratio calculated at RMP's previous quarter-end. EBITDA, for the purposes of this calculation, is determined and defined by the Lenders to the Company's Credit Facility and is detailed further within the *"Liquidity and Capital Resources"* section hereafter.

Accretion Expense

Accretion expense represents the change in the time value of the decommissioning and restoration obligations. Accretion expense for the year ended December 31, 2016 was $0.4 million, which is consistent with the accretion expense incurred in the comparative 2015 period. Please refer to the "*Decommissioning Obligations"* section hereafter.

The total decommissioning obligation liability may increase over a period based on new decommissioning obligations incurred from drilling wells, constructing facilities or acquiring operations. Similarly, this total obligation can be reduced as a result of liabilities released upon dispositions or due to abandonment work undertaken which reduces future obligations. Adjusting the underlying assumptions used in the decommissioning obligation calculation, such as abandonment timing, cost estimates, the inflation rate or the discount rate, may increase or decrease the total decommissioning obligation liability.

Depletion and Depreciation

Depletion and depreciation expense is calculated on a unit-of-production basis. This provision, on an oil equivalent per-unit basis, fluctuates period-to-period primarily as a result of changes in the underlying proved plus probable crude oil and natural gas reserve base and in the amount of costs subject to depletion and depreciation. These costs are segregated and depleted on an area-by-area or field component basis relative to the respective underlying proved plus probable reserves base. The carrying value of undeveloped land in exploration and evaluation assets, which has no proved and/or probable reserves assigned to it, is depreciated over its term to expiry which is also charged to depletion and depreciation expense.

Year 2016: Depletion and depreciation expense for the year ended December 31, 2016 amounted to $61.2 million or $21.17 on a per boe basis (December 31, 2015: $100.1 million or $22.80 per boe). The slight decrease in rate on a per-unit basis from the prior year is primarily a result of the non-cash impairment charges recorded against property, plant and equipment in the last six months of 2015.

Fourth Quarter 2016: RMP's depletion and depreciation expense for the fourth quarter ended December 31, 2016 amounted to $11.3 million. On a combined unit-of-production basis, the depletion and depreciation provision for the fourth quarter of 2016 was $26.30 per boe, as compared to $20.22 per boe in the previous third quarter of 2016 and $22.25 per boe in the comparative fourth quarter of 2015. The increase in the depletion rate from both the third quarter of 2016 and the fourth quarter of 2015 is due to the Ante Creek Disposition occurring in the fourth quarter of 2016. The sale resulted in the removal of the Ante Creek assets from both the Company's property, plant and equipment value and RMP's year-end reserves.

The depletion and depreciation provision for the fourth quarter of 2016 excluded salvage value of $4.4 million (December 31, 2015: $20.0 million).

	2016 Quarterly Comparison						
	Q416	**Q316**	**Q216**	**Q116**		**Year 2016**	**Year 2015**
Depletion and depreciation ($000s) (1)	**11,259**	15,104	15,847	18,961		**61,171**	100,066
Per unit ($/boe)	**26.30**	20.22	20.67	20.00		**21.17**	22.80

(1) Includes depletion of the capitalized portion of the decommissioning obligation which was capitalized to the property, plant and equipment balance and is being depleted over the life of the Company's proved plus probable reserves.

Impairment of Property, Plant and Equipment

At December 31, 2016, RMP management assessed its CGUs for indicators of impairment. Due to the transformational nature of the Ante Creek Disposition on the Company's operations, the Company tested the remaining assets in the oil-weighted Greater Waskahigan CGU for impairment. This CGU prior to the Ante Creek Disposition encompassed the Ante Creek, Waskahigan and Grizzly fields. The Company also determined that impairment indicators existed for RMP's gas-weighted Greater Kaybob CGU, West Central Alberta CGU and Central Alberta CGU. The impairment tests indicated that the recoverable amounts for both the Greater Waskahigan CGU and the West Central Alberta CGU were less than their carrying values and as such, an aggregate non-cash impairment charge to property, plant and equipment of $115.6 million of which $114.3 million related to the Greater Waskahigan CGU and $1.3 million related to the West Central Alberta CGU was recognized in fiscal 2016. The Company did not identify any impairment triggers on its Greater Elmworth CGU.

The recoverable amount of the Company's respective CGUs were estimated based on the higher of the *value in use* and the *fair value less costs to sell*, based on discounted before tax cash flows of proved plus probable reserves estimated by the Company's independent qualified reserves evaluators using forecast prices and costs and a discount rate of 12% for its oil-weighted CGU and 15% for its gas-weighted CGUs plus the fair value of undeveloped land. The values assigned to the key assumptions represent RMP management's assessment of future trends in the oil and natural gas industry and are based upon both external and internal sources.

For the prior comparative year 2015, an impairment indicator existed due to a significant decline in both crude oil and natural gas benchmark prices, and as such, the Company completed impairment assessments for all of its CGUs. As a result, it was determined that the recoverable amounts for all of its CGUs were less than their carrying values and as such an aggregate non-cash impairment on property, plant and equipment of $88.8 million of which $76.7 million related to the Greater Waskahigan CGU, $6.0 milllion related to the Greater Kaybob CGU, $2.9 million related to the West Central Alberta CGU, $2.5 million related to the Central Alberta CGU and $0.7 million related to the Peace River Arch CGU was recognized in fiscal 2015. The Greater Waskahigan CGU is an oil-weighted CGU (which included the Ante Creek, Waskahigan and Grizzly fields) while all the other CGU's are natural gas-weighted.

Deferred Taxes

Deferred income taxes arise from differences between the accounting and tax basis of assets and liabilities. The estimate of deferred income taxes is based on the current tax status of the Company, enacted legislation and management's best estimates of future events. For the year ended December 31, 2016, the Company recorded a deferred tax reduction of $28.2 million, as compared to a $26.5 million deferred tax reduction recognized in the same period of 2015. The deferred tax reduction for the quarter ended December 31, 2016 and for the year ended December 31, 2016 is primarily attributable to lower income before income taxes.

	2016 Quarterly Comparison						
($000s)	**Q416**	**Q316**	**Q216**	**Q116**		**Year 2016**	**Year 2015**
Deferred tax expense reduction	**(22,488)**	(1,102)	(2,447)	(2,205)		**(28,242)**	(26,538)

During the year, RMP was not subject to any corporate cash income tax due to significant tax pool balances, which as at December 31, 2016 aggregate to approximately $358 million (December 31, 2015: $450 million). The following table outlines the Company's estimated tax pools as at December 31, 2016 and 2015:

Tax Pool Category (1)	Deduction Rate	**December 31, 2016**	December 31, 2015
		(millions)	(millions)
Canadian exploration expense (CEE)	100%	**$ 7.1**	$ -
Canadian development expense (CDE)	30%	**125.9**	173.9
Canadian oil and gas property expense (COGPE)	10%	**4.3**	49.1
Non-capital losses (NCL)	100%	**101.9**	86.3
Undepreciated capital cost (UCC)	25%	**112.9**	135.8
Share issue costs and other	Various	**5.5**	4.5
Total		**$ 357.6**	$ 449.6

(1) Actual tax pool amounts may vary as corporate tax returns are finalized and filed.

Operating Netback per Boe and Net Loss per Boe

The following table highlights the Company's operating netback and net loss on a per boe basis for both the years ended December 31, 2016 and 2015 and the three months ended December 31, 2016 and 2015. The Company's operating netback was $13.71 per boe for the 2016 year, representing a 42% decrease from 2015. The operating netback decreased 34% to $13.88 per boe in the fourth quarter of 2016 from the comparable fourth quarter of 2015.

Columns may not add due to rounding	Fourth Quarter				Year Ended December 31		
($/boe)	**2016**	**2015**	**% Change**		**2016**	**2015**	**% Change**
Petroleum and natural gas sales	**33.80**	31.71	7		**27.19**	34.30	(21)
Realized gain (loss) on risk management contracts	**(2.57)**	1.30	(298)		**(0.43)**	2.52	(117)
Royalties	**(4.05)**	(3.55)	14		**(3.86)**	(4.76)	(19)
Operating expenses	**(9.67)**	(4.61)	110		**(5.92)**	(4.90)	21
Transportation	**(3.64)**	(3.90)	(7)		**(3.27)**	(3.51)	(7)
Operating netback	**13.88**	20.95	(34)		**13.71**	23.65	(42)
General and administrative expenses	**(5.21)**	(1.93)	170		**(2.38)**	(1.62)	47
Interest expense	**(0.79)**	(0.94)	(16)		**(1.09)**	(0.97)	12
Funds from operations	**7.88**	18.08	(56)		**10.24**	21.06	(51)
Depletion and depreciation	**(26.30)**	(22.25)	18		**(21.17)**	(22.80)	(7)
Accretion	**(0.20)**	(0.10)	100		**(0.13)**	(0.09)	44
Share-based compensation expense	**(1.52)**	(0.89)	71		**(1.12)**	(1.05)	7
Impairment of property, plant and equipment	**(269.99)**	(35.94)	651		**(39.99)**	(20.22)	98
Gain on non-monetary property exchange	**-**	-	-		**0.13**	-	-
Gain on property disposition	**83.04**	-	-		**12.53**	-	-
Unrealized gain (loss) on risk management contracts	**1.52**	(0.99)	(254)		**(0.03)**	(2.27)	(99)
Deferred tax reduction	**52.54**	10.82	386		**9.77**	6.05	61
Net loss	**(153.05)**	(31.27)	389		**(29.77)**	(19.32)	54

Cash Provided From Operating Activities, Funds from Operations and Net Loss

RMP's profit and cash flow generating capability is primarily a function of commodity prices, the cost to add proved and probable crude oil and natural gas reserves through drilling and acquisitions and the cost to produce its reserves. Compared to fiscal 2015, the Company's cash provided from operating activities and funds from operations decreased 64% and 68%, respectively, in 2016, driven primarily by lower commodity prices.

In the year ended December 31, 2016, the Company recorded cash provided from operating activities of $32.7 million and funds from operations of $29.6 million and generated a net loss of $86.0 million.

	2016 Quarterly Comparison						
($000s, except share data)	**Q416**	**Q316**	**Q216**	**Q116**		**Year 2016**	**Year 2015**
Cash provided from operating activities	**4,984**	9,027	8,690	10,038		**32,739**	91,147
Per share – basic and diluted	**0.03**	0.06	0.06	0.08		**0.23**	0.74
Funds from operations	**3,373**	9,290	7,429	9,492		**29,584**	92,452
Per share – basic and diluted	**0.02**	0.06	0.05	0.07		**0.20**	0.75
Net loss	**(65,508)**	(4,469)	(7,779)	(8,263)		**(86,019)**	(84,795)
Per share – basic and diluted	**(0.43)**	(0.03)	(0.05)	(0.06)		**(0.59)**	(0.69)

Decommissioning Obligations

As at December 31, 2016, the Company recorded decommissioning obligations of $14.2 million, as compared to $18.5 million at December 31, 2015. Decommissioning liabilities are established using the present value of best estimate future costs that are required to settle present obligations related to future activities to plug and abandon its crude oil and natural gas wells and to dismantle and remove associated production facilities. RMP is progressive with its decommissioning liability management program; it conducts such in accordance and compliance with the framework and parameters required by both the Alberta Energy Regulator (the "**AER**") for its Alberta-based operations, primarily the AER's *Directive 006: License Liability Rating (LLR)*

Program and their *Directive 013: Suspension Requirement for Wells*, and Saskatchewan's Ministry of Economy *Oil and Gas Conservation Regulations, 2012* for its Saskatchewan-based obligations.

During the year ended December 31, 2016, RMP's decommissioning obligation liability decreased by approximately $4.3 million, which is comprised of: i) $0.8 million of liabilities incurred as a result of the Company's 2016 drilling program, ii) $0.4 million of liabilities assumed upon acquisition, iii) $7.0 million of liabilities released upon disposition, iv) $1.8 million increase attributable to a change in discount rate on decommissioning obligations assumed on acquisition initially valued at a fair value discount rate of approximately 10.0% and subsequently revalued using a risk-free rate, v) $0.5 million decrease related to changes in expected abandonment dates, vi) $0.4 million decrease related to changes in the underlying cost estimates, vii) $0.3 million increase due to changes in discount rate from 2.15% to 2.31%, viii) $0.4 million of accretion and ix) $0.2 million of actual decommissioning cash expenditures incurred.

Capital Expenditures

Year 2016: In fiscal 2016, the Company incurred approximately $39.8 million on its 2016 exploration and development program. RMP continued to undertake a light oil-focused exploration and development capital program in 2016, albeit to a lesser scale due to a pared-back capital expenditures budget reduced in response to lower commodity prices. In 2016, a total of 8 (8.0 net) Montney horizontal crude oil wells were drilled, as compared to a drilling program in fiscal 2015 of 15 (15.0 net) horizontal wells. RMP's 2016 drilling program amounted to $28.2 million and focused upon the successful drilling of four (4.0 net) wells at Waskahigan, three (3.0 net) wells at Ante Creek and one (1.0 net) exploration well in Elmworth (formerly known as Gold Creek). In addition, $0.6 million of costs related to the construction of an access road in the Elmworth area are included in the 2016 drilling program costs.

RMP's fiscal 2016 facilities and well equipment costs were $5.5 million, which include the wellsite equipping and tie-in costs of the Company's drilling program and $0.9 million of upfront capital related to the construction of RMP's Elmworth 2-23-68-3W6 oil battery facility, which is currently under construction with expected commissioning in May 2017.

On June 27, 2016, the Company closed the previously-announced strategic purchase of assets in the Elmworth area of West Central Alberta for total cash consideration of approximately $10.0 million, before customary adjustements. The purchase price was funded from RMP's available bank credit facility. The Elmworth acquisition has been included within the Company's previously-announced fiscal 2016 capital budget of $50.0 million. The material attributes of the acquired assets include 20 sections (12,800 acres) of 100% working interest acreage prospective for Montney light oil with significant exploration and development potential, which are primarily contiguous to RMP's existing Elmworth lands. As part of this purchase transaction, the Company also acquired an 87.4% working interest in a multi-well battery facility and compressor station in close proximity to the surface lease for RMP's successfully-drilled 3-22 exploration well in the Elmworth area, in addition to assorted gathering lines.

On August 30, 2016, RMP closed the disposition of certain oil and gas assets comprised of reserves and land acreage in the Pine Creek area for cash consideration of $0.8 million resulting in a gain on disposition of $0.7 million. As a result of the disposition, the Company released $0.3 million of decommissioning obligations associated with the divested assets.

As previously mentioned, on November 15, 2016, RMP closed the disposition of its crude oil and natural gas interest in the Ante Creek area of West Central Alberta for cash consideration of $114.3 million, before normal and customary closing adjustments (the "**Ante Creek Disposition**"). Assets sold in the Ante Creek Disposition included reserves, land acreage, infrastructure facility and pipeline interests. RMP's exploration and evaluation asset balance and property, plant and equipment balance were reduced by $1.2 million and $75.2 million, respectively, as a result of the sale. The Ante Creek Disposition resulted in the recognition of a gain on disposition of $35.5 million.

Fourth Quarter 2016: In the fourth quarter of 2016, RMP exploration and development capital program was approximately $5.7 million. Drilling and completion costs for the quarter were approximately $3.8 million and include the initial drilling and completion costs related to a 100% working interest exploration horizontal well in Elmworth at 8-25-68-4W6, $0.5 million on the construction of an Elmworth access road and $0.9 million incurred on capital workover activities. Fourth quarter 2016 facilities and well equipment costs were $1.7 million, which primarily relates to the construction of the Elmworth 2-23-68-3W6 oil battery facility and initial, upfront capital for 2017 well equip and tie-ins.

RMP closely monitors its exploration and development capital programs in relation to estimated funds from operations. The Company will remain disciplined but flexible with its 2017 capital spending as it monitors business conditions and commodity prices over the coming months and, where deemed prudent, may make additional adjustments to its first half 2016 capital budget. Actual spending may vary due to a variety of factors, including drilling results, natural gas and crude oil prices, economic conditions, prevailing debt/equity markets, equipment availability, permitting and any future acquisitions. The timing of most capital expenditures is discretionary. Consequently, the Company has a significant degree of flexibility to adjust the level of its capital investments as circumstances warrant. Additionally, to enhance flexibility of the Company's capital program, RMP typically does not enter into material long-term obligations with any of its drilling contractors or service providers with respect to its operated natural gas and crude oil properties. Please refer to the "*2017 Business Outlook"* section contained within and hereafter for details of RMP's 2017 capital budget plans.

The composition of RMP's capital investment program is outlined as follows:

	2016 Quarterly Comparison					
($000s)	**Q416**	**Q316**	**Q216**	**Q116**	**Year 2016**	**Year 2015**
Land	**228**	144	2,364	3,372	**6,108**	3,074
Seismic	**-**	-	-	31	**31**	262
Drilling and completions	**3,775**	7,072	4,545	12,767	**28,159**	53,458
Facilities and well equipment	**1,739**	1,477	337	1,992	**5,545**	39,775
Total exploration and development	**5,742**	8,693	7,246	18,162	**39,843**	96,569
Other (1)	**412**	162	259	89	**922**	434
Property acquisitions	**-**	-	10,020	-	**10,020**	-
Property dispositions	**(109,230)**	(752)	-	-	**(109,982)**	-
Total capital expenditures	**(103,076)**	8,103	17,525	18,251	**(59,197)**	97,003

(1) Year 2016 includes capitalized G&A of \$0.9 million (Year 2015: \$0.2 million) and excludes non-cash capitalized stock-based compensation of \$1.5 million (Year 2015: \$2.2 million).

Liquidity and Capital Resources

RMP's primary sources of cash in 2016 were internally-generated funds from operations and funds received upon the disposition of assets. The Company's net debt levels are directly related to its funds from operations, capital expenditures, common share financings and acquisition and disposition activity. RMP ended the year with net debt of approximately \$0.9 million, which was \$117.1 million lower than the net debt as of December 31, 2015. Going forward, at year-end 2016, RMP had access to available liquidity of approximately \$37.7 million in available borrowing capacity under its committed Credit Facility (net of outstanding issued letters of credit of \$2.3 million).

	Quarter End Comparison				
($000s)	**Dec. 31, 2016**	**Sep. 30, 2016**	**Jun. 30, 2016**	**Mar. 31, 2016**	**Dec. 31, 2015**
Bank debt	**-**	100,000	112,149	103,085	121,364
Working capital (surplus) deficit (1)	**885**	3,343	(7,630)	(8,700)	(3,408)
Net debt	**885**	103,343	104,519	94,385	117,956
Credit facility borrowing limit	**40,000**	120,000	150,000	150,000	150,000
Book capitalization (2)	**333,646**	333,646	333,646	333,671	300,621
Market capitalization (3)	**114,737**	157,009	187,203	215,887	193,507

(1) Reflects current assets (excluding non-cash risk management) plus deferred charge less current liabilities (excluding non-cash risk management).
(2) Reflects the book value of share capital, as reported on the Company's statements of financial position.
(3) Based on the market closing price of RMP's stock and the outstanding number of common shares at period-end.

On March 24, 2016, the Company closed a "bought deal" equity financing (the "**Q1 2016 Equity Financing**") on an underwritten basis resulting in the issuance of 24,495,000 common shares of the Company at a price of \$1.41 per common share for total gross proceeds of approximately \$34.5 million (\$32.5 million, net of share issue costs of approximately \$2.0 million).

As at December 31, 2016, the Company had in-place a committed, extendible revolving bank facility (the "**Credit Facility**") underwritten by a two-bank lending syndicate (the "**Lenders**"), with a maximum borrowing base associated with the Credit Facility of $40.0 million. The borrowings are available on a fully revolving basis for a period of at least 364 days until July 22, 2017, at which time the Company could request approval by the Lenders for an extension for an additional 364 day cycle or convert the outstanding bank indebtedness to a one-year term loan, with full repayment due on July 22, 2018. The amount of the Credit Facility is subject to a borrowing base test performed on a periodic basis by the Lenders, based primarily on crude oil and natural gas reserves and using commodity prices estimated by the Lenders, as well as other factors. The Credit Facility is secured by a fixed and floating charge debenture of $500 million on the assets of the Company and contains one financial covenant, an interest-coverage ratio of at least 3.5 times (350%). The interest-coverage ratio is calculated by: dividing the summation of earnings before interest, deferred taxes, depreciation, depletion, accretion, amortization, share-based compensation, impairment, unrealized gains or losses on risk management contracts and gains or losses from the disposition of assets for the current and three immediately preceding quarters ("**EBITDA**") by the summation of interest expense for the current and three immediately preceding quarters. As at December 31, 2016, the Company had not drawn upon the Credit Facility (December 31, 2015: $121.4 million).

Interest-Coverage Bank Covenant:

($000s)					
	TOTAL	**Q416**	**Q316**	**Q216**	**Q116**
Net loss	**(86,019)**	(65,508)	(4,469)	(7,779)	(8,263)
Interest expense	**3,144**	339	986	939	880
Deferred tax reduction	**(28,242)**	(22,488)	(1,102)	(2,447)	(2,205)
Depletion and depreciation	**61,171**	11,259	15,104	15,847	18,961
Accretion expense	**384**	87	102	98	97
Share-based compensation	**3,229**	651	884	792	902
Impairment	**115,563**	115,563	-	-	-
Unrealized loss (gain) on risk management contracts	**98**	(650)	(554)	1,302	-
Gain on non-monetary property exchange	**(384)**	-	-	(384)	-
Gain on property disposition	**(36,216)**	(35,541)	(675)	-	-
Earnings for interest-coverage covenant calculation	**32,728**				
Interest expense	**3,144**				
Interest-coverage	**10.4 times**				

The Company was in compliance with this covenant as at December 31, 2016, and expects that it will continue to be in compliance with this financial covenant under its Credit Facility. As at December 31, 2016 and March 20, 2017, the Company had nil and approximately $7 million, respectively, drawn on the Credit Facility.

LIQUIDITY ($000s)	**Year 2016**	**Year 2015**
Cash and cash equivalents, beginning of year	**-**	-
Net cash from (used in):		
Operating activities	**32,739**	91,147
Financing activities	**(88,899)**	26,675
Investing activities	**56,564**	(117,822)
Change in cash and cash equivalents	**404**	-
Cash and cash equivalents, end of year	**404**	-

Capital Structure and Resources

The Company's capital resources consist primarily of cash provided from operations, available bank lines of credit and the issuance of equity. RMP's Management believes the Company will have the necessary capital resources to fund its planned 2017 capital spending program and meet working capital requirements primarily through cash provided from operations. RMP's cash provided from operations depends on a number of factors, including commodity prices, production volumes, royalties, operating and transportation expenses, and foreign exchange rates.

The Company's objectives when managing its capital structure are to maintain an optimal capital structure in order to reduce its cost of capital, safeguard the business as a going concern, maintain financial flexibility to preserve its access to capital markets and its ability to meet financial obligations, and to finance internally-generated growth in addition to potential acquisitions. RMP manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company considers its capital structure to include shareholders' equity, debt and working capital. To maintain or adjust the capital structure, RMP may from time-to-time, issue common shares, dispose of non-core assets, raise debt and/or adjust its capital spending to manage its current and projected debt levels.

RMP monitors its capital structure based on the current and projected ratio of total net debt-to-annualized funds from operations. The Company's objective is to maintain a net debt-to-annualized funds from operations ratio of less than two times, however, the ratio is affected by business cycles and may increase at certain times. For example, as a result of acquisitions or a precipitous decrease in commodity prices. To facilitate the management of this ratio, the Company prepares annual capital budgets and business plan forecasts, which are updated on a regular basis depending on varying factors such as general market conditions and successful capital deployment. The annual capital budget is approved by the Company's Board of Directors.

Ratio of net debt-to-annualized funds from operations:		
($000s)	**December 31, 2016**	**December 31, 2015**
Outstanding bank debt	**-**	121,364
Working capital and deferred charge (surplus) deficit excluding risk management contracts	**885**	(3,408)
Total net debt	**885**	117,956
Cash provided from operating activities for the three months ended December 31, 2016 and 2015	**4,984**	19,776
Decommissioning expenditures for the three months ended December 31, 2016 and 2015	**2**	242
Change in non-cash working capital for the three months ended December 31, 2016 and 2015	**(1,613)**	(1,293)
Funds from operations for the three months ended December 31, 2016 and 2015	**3,373**	18,725
Annualized funds from operations	**13,492**	74,900
Net debt-to-annualized funds from operations	**0.07**	1.57

Common Share and Warrant Information

RMP's authorized capital consists of an unlimited number of voting common shares.

The number of common shares of the Company outstanding as at December 31, 2016 was 151.0 million, an increase of 24.5 million common shares from the balance at December 31, 2015. The increase is attributable to the Q1 2016 Equity Financing.

		2016 Quarterly Comparison					
		Q416	**Q316**	**Q216**	**Q116**	**Year 2016**	**Year 2015**
TSX Share Price:	High	**$ 1.07**	$ 1.28	$ 1.97	$ 1.68	**$ 1.97**	$ 5.56
	Low	**$ 0.62**	$ 0.90	$ 1.11	$ 0.99	**$ 0.62**	$ 1.21
	Close	**$ 0.76**	$ 1.04	$ 1.24	$ 1.43	**$ 0.76**	$ 1.53
Average daily trading volume		**707,045**	1,414,356	2,436,402	1,666,903	**1,562,703**	1,151,694
Shares outstanding - period end		**150,970,068**	150,970,068	150,970,068	150,970,068	**150,970,068**	126,475,068
Weighted average basic		**150,970,068**	150,970,068	150,970,068	128,628,475	**145,415,191**	123,220,485
Weighted average diluted		**150,970,068**	150,970,068	150,970,068	128,628,475	**145,415,191**	123,220,485

	TSX Trading Price Range		
2016 Monthly	**High ($)**	**Low ($)**	**Total Period Volume**
January	1.68	0.99	18,220,200
February	1.62	1.30	15,594,600
March	1.67	1.29	69,533,200
April	1.97	1.28	52,044,600
May	1.83	1.17	53,264,800
June	1.48	1.11	50,620,300
July	1.28	1.06	31,873,400
August	1.18	0.91	36,946,900
September	1.09	0.90	20,284,100
October	1.07	0.73	18,155,000
November	0.83	0.62	16,389,400
December	0.85	0.73	9,292,400

On May 10, 2016, all outstanding share purchase warrants expired (December 31, 2015: 2,018,255 share purchase warrants outstanding). These warrants were originally granted in connection with the corporate acquisition of RMP Energy Ltd. and the associated corporate restructuring in May 2011. The $2.9 million balance relating to these warrants was reclassed to contributed surplus upon the warrants expiry.

The following table summarizes the common shares, stock options, restricted share awards and warrants outstanding at the indicated dates:

	March 20, 2017	**December 31, 2016**	**December 31, 2015**
Common shares	**151,006,734**	**150,970,068**	126,475,068
Stock options	**13,795,000**	**13,958,367**	11,557,368
Restricted share awards	**867,500**	**1,077,500**	811,000
Warrants	**-**	**-**	2,018,255

Commitments and Contingencies

In the normal course of business, the Company has entered into various commitments that will have an impact on its future operations. These commitments primarily relate to the operating lease relating to RMP's corporate head office space, firm transportation capacity arrangements on crude oil and natural gas sales pipeline systems and capital commitments pertaining to the Company's Elmworth oil battery facility infrastructure project. All such commitments and obligations reflect market conditions prevailing at the time of the respective contracts and none are with related parties. RMP believes it has sufficient sources of capital to fund all commitments and obligations as they may come due.

The following table summarizes the Company's various contractual obligations and commitments as at December 31, 2016:

($000s)	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**	**Total**
Head office operating lease (1)	613	616	205	-	-	-	1,434
Oil transportation	3,630	5,156	3,098	1,417	419	486	14,206
Gas transportation	3,911	3,278	114	113	84	25	7,525
NGLs transportation	59	112	92	71	59	201	594
Capital commitments	1,231	-	-	-	-	-	1,231
Total	9,444	9,162	3,509	1,601	562	712	24,990

(1) Pertains to lease payments associated with the Company's Calgary, Alberta head office lease, including an estimate of the Company's share of operating, utilities, property taxes and parking for the duration of the office lease.

Although the Company believes that it has title to its crude oil and natural gas properties, it cannot control or completely protect itself against the risk of title disputes or challenges.

2017 Business Outlook

The Company's Board of Directors has approved a $45 million capital budget for 2017. The focus of the capital budget for the first half of this year is to maintain corporate production levels through a pared-back level of low-risk development drilling at Waskahigan while de-risking and delineating the large Elmworth resource potential in order to establish additional inventory and scale for the Company. Production additions from RMP's Waskahigan drilling program is expected to maintain corporate base production levels of 3,200 to 3,300 boe/d from Waskahigan and its other non-core areas, collectively (approximately 35% crude oil and NGLs). Drilling results to-date at Elmworth in conjunction with infrastructure commissioning is expected to bolster RMP's base production levels in the second half of this year, providing operating leverage to accelerate growth in 2018. The overall 2017 capital plan includes the drilling of three (3.0 net) Middle Montney horizontal wells at Elmworth and four (4.0 net) Montney horizontal wells at Waskahigan.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements, special purpose entities, financing partnerships or guarantees, other than as disclosed in this section. RMP has certain lease agreements, as disclosed in the aforementioned "*Contractual Obligations and Commitments"* table, which were entered into in the normal course of business operations. All leases have been treated as operating leases or rental arrangements whereby the lease payments are included in operating expenses or G&A expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases on the statement of financial position as at December 31, 2016.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

RMP's disclosure controls and procedures ("**DC&P**"), as defined in National Instrument ("**NI**") 52-109 "*Certification of Disclosure in Issuers' Annual and Interim Filings*", have been designed by the Company's certifying Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), or caused to be designed under their supervision, to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by RMP in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. Such certifying officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures at the financial year end of the Company and have concluded that the Company's disclosure controls and procedures are effective at the financial year end of the Company for the foregoing purposes.

Additionally, pursuant to NI 52-109, the Company's certifying CEO and CFO are responsible for designing and evaluating the internal controls over financial reporting ("**ICOFR**") or causing them to be designed or evaluated under their supervision. ICOFR is a process designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized and to facilitate the preparation of relevant, reliable and timely information resulting in the preparation of financial statements for external purposes which are in accordance with IFRS. Utilizing the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") Internal Control – Integrated Framework (2013), such certifying officers have evaluated, or caused to be evaluated under their supervision, the design and operating effectiveness of the Company's internal controls over financial reporting at the financial year end of the Company and concluded that the Company's internal controls over financial reporting are designed property and operating effectively, at the financial year end of the Company, for the foregoing purpose. The Company is required to disclose herein any change in the Company's internal controls over financial reporting that occurred during the period beginning on October 1, 2016 and ended on December 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. No material changes in the Company's internal controls over financial reporting were identified during such period that have materially affected, or are reasonably like to materially affect, the Company's internal controls over financial reporting.

Control systems, no matter how well designed, have inherent limitations. Moreover, any control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance, that the objectives of the control system are met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires RMP's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates.

Estimates and their underlying assumptions are reviewed on an ongoing basis and are based on the Company's management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected.

Critical Judgments in Applying Accounting Policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

The Company's assets are aggregated into cash generating units for the purpose of calculating impairment. Cash generating units ("**CGU**" or "**CGUs**") are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGUs was based on management's judgment in regards to geographical proximity, geological and production profile, shared infrastructure and similar exposure to market risk and materiality. Based on this assessment, the Company's CGUs are generally composed of significant development areas. The Company reviews the composition of its CGUs at each reporting date to assess whether any changes are required in light of new facts and circumstances.

Judgments are required to assess when impairment indicators exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of proved and/or probable reserves, production rates, future crude oil and natural gas prices, future costs, discount rates, market value of land and other relevant assumptions.

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found.

Judgments are made by management to determine the likelihood of whether deferred tax assets at the end of the reporting period will be realized from future taxable earnings.

Key Sources of Estimation Uncertainty

The following are key estimates and their assumptions made by management affecting the measurement of balances and transactions in these consolidated financial statements.

Estimation of recoverable quantities of proved and probable reserves include estimates and assumptions regarding future commodity prices, foreign currency exchange rates, discount rates and operating and transportation costs for future cash flows. It also requires the interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries of reserves. The economic, geological and geophysical, and other technical factors used to estimate proved plus probable reserves may change from period to period. Changes in reported reserves can affect the non-cash impairment of assets, the provision for decommissioning obligations, the economic feasibility of exploration and evaluation assets, the recognition of deferred tax assets and the amounts reported for depletion and depreciation of property, plant and equipment. These reserve estimates are prepared in accordance with the *Canadian Oil and Gas Evaluation Handbook* by independent qualified reserves engineers, who work with information provided by the Company to establish reserve determinations based on the guidance stipulated by National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities.*

The Company estimates the decommissioning obligations for crude oil and natural gas wells and their associated production facilities. In most instances, removal of assets and remediation occurs many years into the future. Amounts recorded for the decommissioning obligations and related accretion expense require assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, inflation estimates, future removal technologies in determining the removal cost, and the estimate of the liability specific discount rates to determine the present value of these cash flows.

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed which includes assessing the value of crude oil and natural gas properties based upon the estimation of recoverable quantities of proved and probable reserves being acquired.

The Company's estimate of the depletion and depreciation of property, plant and equipment is based on estimates of proved and probable reserves and the associated future development costs.

The Company's estimate of non-cash share-based compensation is dependent upon estimates of historic stock price trading volatility, interest rates, expected terms to exercise and forfeiture rates.

The Company's estimate of the fair value of derivative financial instruments is dependent on estimated forward crude oil and natural gas prices, expected interest rates, expected future foreign currency exchange rates and expected volatility in these variables.

The deferred tax asset or liability is based on estimates as to the timing of the reversal of temporary differences, substantively enacted tax rates and the likelihood of assets being realized.

Accounting Pronouncements

The following pronouncements from the International Accounting Standards Board ("**IASB**") will become effective for financial reporting periods beginning on or after January 1, 2017 and have not yet been adopted by the Company. These new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application:

- IFRS 15 – "*Revenue from Contracts with Customers*" contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard is effective for annual periods beginning on or after January 1, 2018.

- IFRS 9 – "*Financial Instruments"* addresses the classification and measurement of financial assets, and is the first step to replace IAS 39 – *"Financial Instruments: Recognition and Measurement."* IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The single approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 also requires a single impairment method to be used, replacing the multiple methods in IAS 39. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions.

- IFRS 16 – "*Leases*" requires the recognition of most leases on the balance sheet, and effectively removes the classification of leases as either finance or operating leases and treats all leases as finance leases for lessees with exemptions for short-term leases where the lease term is twelve months or less and for leases of low value items. IFRS 16 accounting treatment for lessors is unchanged, which provides the choice of classifying a lease as either a finance or operating lease. The new standard is effective for annual periods beginning on or after January 1, 2019.

- IAS 7 – "Statement of Cash Flows" amendments will require disclosures that enable financial statement users to evaluate changes in liabilities arising from financing activities, including non-cash changes and changes arising from cash flows. The new requirements are effective for annual periods beginning on or after January 1, 2017.

The Company has not fully completed its evaluation of the effect of adopting these standards on its consolidated financial statements. The Company will adopt IFRS 15, IFRS 9, IFRS 16 and IAS 7 when required by the IASB.

Business Risks and Uncertainties

The Company's exploration and development activities are focused in the Western Canada Sedimentary Basin within the province of Alberta, which is characterized as being highly competitive with competitors varying in size from small junior producers to significantly larger and fully-integrated energy companies possessing greater financial and personnel resources. In the normal course of business, RMP is exposed to a variety of business risks and uncertainties that can have an effect on its financial condition.

The Company recognizes certain risks inherent in the oil and gas industry, such as access to oil and gas services, weather-related delays with drilling and operational plans, finding and developing crude oil and natural gas reserves at economic costs, drilling risks, producing crude oil and natural gas in commercial quantities, environmental and safety risks, and commodity price and political risks and uncertainties. RMP has engaged professional senior management and seasoned technical personnel, possessing many years of experience in the oil and gas business and intellectual capacity, to address, prudently manage and mitigate these risks. Please see the Company's website to reference the backgrounds and qualifications of RMP's senior leadership team, which can be sourced at www.rmpenergyinc.com under the *Management* hyperlink contained on the website face page.